



TRAVEL PRINTOUT

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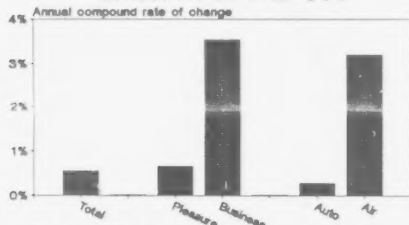
Travel Takes Off in the '80s

"Travel and tourism in the 80's became the vehicle for rather steady and dependable economic growth," explained Dr. Suzanne Cook, executive director of the Data Center, during her presentation at the fourth annual Travel Review Conference held in Washington, DC on February 5, 1990.

The presentation was a review of the 1989 domestic travel industry with a broader historical perspective of the industry during the whole decade.

The 1980s were a time of growth and significant change in both the supply and demand sides of travel. In the supply side over the decade, there was a 40 percent growth in hotel/motel rooms, air passengers increased 43 percent, cruise passengers more than doubled, and state travel office budgets nearly tripled.

ALL TRAVEL TYPES EXPERIENCE GROWTH IN THE '80s



Source: US Travel Data Center

The aging of America, as the number of Americans between ages 25-34 and 35-44 bulged, created demand side changes. The shift in the age structure of the population prompted trends like "mini vacations" as time became an even more precious commodity. Also, increased marketing to the mature sectors resulted.

However, the decade exhibited a split personality because the growth was not linear. Instead, the growth concentrated in the second half of the decade.

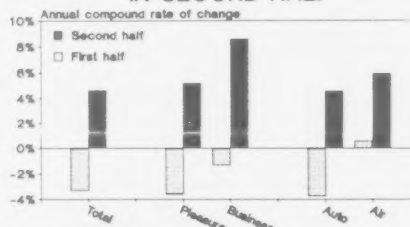
At the start of the decade, a gloomy scenario

greeted Ronald Reagan as he began his first term in office. Suffering from high rates of inflation, interest rates, and unemployment, the country was in a recession. Recovery came in late 1982, but the travel industry's recovery lagged behind the economy's recovery.

The nation's travel behavior was a victim of the weak economy in the pre-1985 period. For instance,

after rising briefly in 1981, total travel volumes drifted downwards for the next few years. In 1980, the total number of person-trips was 1.1 billion; whereas, in 1984, total person-trips slid below that mark to 1.0 billion. (A person-trip measures each person traveling 100 miles or more away from home.)

BUT GROWTH CONCENTRATED IN SECOND HALF



Source: US Travel Data Center

Another loser for the pre-1985 period was pleasure person-trips. Interest in pleasure travel waned substantially as consumers often bought durables instead of traveling. The same pattern surfaced for business, weekend, auto, and vacation travel.

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Cost of Motor Fuel Drops December Travel Prices

For the fourth consecutive month, the overall cost of travel in the U.S. dropped. Travel prices fell 0.2 percent in December. Lower motor fuel prices and lodging rates generated the decline, reports the Data Center's latest Travel Price Index (TPI).

The TPI, which measures seasonally unadjusted changes in the cost of travel in the U.S., fell to 125.8 (1982 - 84 = 100) during December.

For comparison, the price of goods and services purchased by Americans as measured by the Consumer Price Index (CPI) rose 0.2 percent to 126.1.

Travel Price Index and Components

December 1989	Monthly % Change November to December 1989	Annual % Change December 1988 to December 1989
TPI Component		
Transportation	-0.7	6.1
Airline Fares	0.4	5.3
Other Intercity Trans.	0.7	1.7
Intracity Public Trans.	0.0	2.1
Motor Fuel	-1.6	6.8
Lodging	-0.7	5.4
Food and Beverages		
Away From Home	0.2	4.6
Entertainment	0.8	9.2
TRAVEL PRICE INDEX	-0.2	5.3
CONSUMER PRICE INDEX	0.2	4.6

Source: US Travel Data Center and the U.S. Bureau of Labor Statistics

Leading the decrease in travel costs for the month, motor fuel prices dropped 1.6 percent followed by a 0.7 percent fall in lodging prices.

Entertainment costs showed the sharpest rise for the month with a 0.8 percent change. Intercity transportation, not including airfares, also became more expensive but by a lesser amount of 0.7 percent.

Over the past 12 month period, the TPI climbed 5.3 percent, influenced by a 9.2 percent jump in entertainment costs and a 6.8 percent increase in motor fuel prices. Intracity public transportation costs grew the least with only a 2.1 percent climb. The CPI rose 4.6 percent for the same period.♦♦

November Weekend Travel Accelerates

The number of weekend person-trips in November 1989 gained momentum over last November as the month recorded 46 million person-trips or 9 percent more than same time last year, according to the Data Center's latest National Travel Survey (NTS) results.

Besides weekend travel, a large increase occurred in hotel/motel travel. The period registered almost 43 million person-trips, up from 39 million from November 1988.

Surprisingly, vacation travel made a sizeable decrease from the previous year with almost a 5 percent decline. Even more striking, auto person-trips plunged 6 percent.

Consequently, total travel volume for the month sank by 5.3 percent from the same time last year. Americans took fewer than 96 million person-trips, down from 101 million in 1988. (A person-trip measures each person traveling 100 miles or more away from home.)

The average distance traveled in November 1988 was 960 miles; whereas, November 1989 recorded an average distance of 900 miles. Furthermore, the average stay increased from 3.4 nights to 3.8 nights in 1989.♦♦

TEIM Update

Last February, Congress appropriated funds for revising and expanding the Data Center's Travel Economic Impact Model (TEIM), a statistical model that provides annual estimates of travel-generated spending and its impact on national, state, and local economies. One year later, the final model is almost at fruition.

The Data Center recently acquired the computer hardware to aid in producing a unified data base that makes the data more accessible and readily attainable than previously. Following revision, the model will be a more effective and flexible tool for assessing the impact travel has on the economy.

For more information about the TEIM and its capabilities, contact Dr. William Fleming, manager of economic research, at (202) 293-1040.♦♦

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DIRECTOR'S NOTES

commentary by
Suzanne D. Cook, Ph.D.

Following a successful Travel Review Conference on February 5, 1990, the U.S. travel industry realized not only the value of travel as a domestic commodity but its reach and value around the world as well. For my part, I reviewed the domestic travel climate for 1989 with respect to its being the capstone to a decade during which our industry endured and many prospered. In fact, travel became increasingly a link between families, friends, businesses, and nations. Success, as well as difficulties, marked this industry, and new trends emerged as a result. For this reason, I wanted to comment on some travel trends we observed and on ones that transformed the travel industry of the 1980s.



1. Hotels. Following a boom in construction, the hotel sector introduced a number of new marketing and guest satisfaction programs including more and more refined segmentation, frequent guest programs, and amenities battles. Mega-resorts and all-suites were also developments during the 1980s.

2. Airlines. In the wake of deregulation, trends marking the airline industry often revolved around the rise, fall, merger, and consolidation of hundreds of airlines. Incentive programs became popular vehicles for attracting customers and building brand loyalty. Another result was the hub-and-spoke system which dramatically shifted route structures.

Furthermore, security concerns plagued the airline sector as terrorism and aging aircrafts made consumers and the industry wary.

3. Surface Transportation. The gasoline shortage, the price crisis of the early 80s, and the deteriorating infrastructure, marred the surface transportation sector. Nevertheless, automobiles continued to dominate as the most used form of travel and even grew in popularity as the decade closed. Moreover, the rail component of this sector emerged much healthier at the end of the decade as Amtrak got back on its feet. Renewed growth was also the trend in the bus industry.

4. Destinations. Fierce and growing competition for traveler's business was a major trend in the destination realm. The significant growth in the number of CVBs throughout the country and the size of state travel office budgets verify this trend.

The decade also witnessed a rise in cultural attractions and events, the emergence of shopping centers and revitalized downtowns as tourist attractions, the strengthening of the theme park product, as well as new scenic byways and rural tourism initiatives.

5. Others. Significant industry-wide trends of the 1980s include the globalization of the industry as foreign investors bought several major U.S. travel companies and the more frequent operation of U.S. companies abroad. Additionally, specialization in product and service, the emphasis on quality and service, and greater focus on leisure travel characterized this decade.

6. Consumers. Consumer based trends also revealed the nature of the travel industry during the 1980s. We learned that travel is not recession proof as many consumers abandoned their travel plans when bad times hit. Also, the preciousness of time, especially among two-income families became more obvious as consumers began to deal with time constraints by taking more "mini-vacations" and weekend excursions.

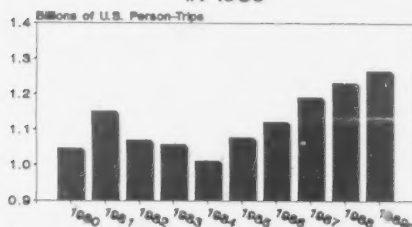
Finally, after experiencing a decade marked by materialism, we, as consumers and marketers, learned to value and emphasize the experiential nature of travel.

(continued from 1)

The post-1985 period revealed a vastly different personality. The period, bolstered by a strong economy, rose to meet the challenge of a more demanding public.

All segments of the industry registered strong growth. Total travel posted gains every year. In fact, 1989 revealed a three percent rise over 1988 with a total of 1.3 billion person-trips.

RECORD 1.3 BILLION PERSON-TRIPS IN 1989



Another example of this growth was weekend travel. Making an ascent from 470 million person-trips in 1985, it flew to over 587 million by 1989. Vacation travel also moved ahead as it topped 883 million person-trips in 1989, up from 729 million in 1985.

A segment of increasing prominence in the travel industry is business travel. In the '80s, business travel growth outpaced all other types of travel. From 1980, business trips increased over 50 percent. After a slight stabilization in 1988, business travel renewed its growth, showing more than a 10 percent rise in 1989 with more than 236 million business person-trips.

AROUND THE INDUSTRY...

1. The January Consumer Confidence Index dropped 8 points from December, according to the Conference Board.
2. The Hospitality Valuation Services, Inc. created a new indexing tool that provides benchmarks for tracking hotel value differences between markets.
3. Up 50 percent from last January, this January airlines paid an average of \$0.86 per gallon for jet fuel, according to Drexel Burnham Lambert.
4. Rockwell Schnabel, undersecretary at the USTTA, projected that foreign visitor spending could reach \$89 billion by 2000.

Suggestive of travel's pervasiveness and importance to the U.S. are the ever-rising business receipts of the travel industry. For instance, the receipts doubled during the 1980s from a total of \$172 billion in 1980 to \$334 in 1989. In fact, even the 10 percent increase from 1988 to 1989 reflects travel's prominence.

The growing importance of time is a sign of the decade. An example of this trend is that people take more frequent trips but of shorter duration. For example, vacationers spent less time on trips in 1989 than in the previous year. The average duration slid, once again, down to

an average of 4.7 nights. In 1985, the average stay was 5.7 nights per trip. These figures give credence to the idea that shorter, more frequent trips were an '80s trend.

"The Southeast region of the United States, with its tremendous variety and abundance of attractions, remained the most popular destination among Americans throughout the decade," commented Dr. Cook.

In 1989, the Southeast

Visitor Volume at National Parks

Region	NOV 1989 visits	% Change from NOV 1988*	Year to Date % Change 1988/89*
NEW ENGLAND	658,182	-6.5%	5.3%
MIDDLE ATLANTIC	1,688,444	6.9	5.1
SOUTH ATLANTIC	4,696,925	-13.8	-15.7
EAST SOUTH CENT.	1,585,835	6.3	-3.0
EAST NORTH CENT.	202,647	15.8	-2.7
WEST NORTH CENT.	339,958	1.5	3.5
WEST SOUTH CENT.	570,994	5.6	1.9
MOUNTAIN	1,824,557	3.8	2.8
PACIFIC	2,510,775	-6.6	-1.9
TOTAL	14,078,317	-4.4	-4.4

* Percent change figures may not be consistent with those previously reported due to National Park Service revisions.

region once again dominated the scene, recording nearly 350 million person-trips or 30 percent of all domestic travel. Hence, as interesting and diverse as the two halves of the '80s seem, there were a few constants.

In the split-personality decade of the 1980's, 1989 proved to be a year of modest but sustained growth. The growth experienced in many sectors was not as strong as the previous four years; however, 1989 still fit the mold of the post-1985 personality.

"Learning from this decade's travel history, 1989 does not mark the end of an era but rather a gateway to the future," concluded Dr. Suzanne Cook about the state of the industry.

Dr. Cook's slide presentation, script, and a special report of this historical perspective of the decade of travel are available for purchase. Note: Full members will be sent the report as part of their membership, and limited members will be eligible for a discount. For more information, contact Julie Bowers at (202) 293-1040.♦♦

Other Conference Highlights

Other big news from the Travel Review Conference, co-sponsored by the Data Center, TTRA, and USTTA, came from the US Travel and Tourism Administration.

Don Wynegar, Director of Research at the USTTA, heralded the first ever U.S. tourism surplus. Translated, this means that the U.S. collected more money from foreign visitors than its citizens spent in foreign countries. In fact, 1989's surplus was \$0.45 billion. Wynegar predicted a surplus of \$1.48 billion for 1990.

Other notable speakers included Gilbert M. Grosvenor, president and chairman of the board of the National Geographic Society, Rockwell Schnabel, Under secretary of Commerce, and Marshall Murdaugh, President of the NYCVB.

The proceedings from the Fourth Annual Travel Review Conference will be available from the Travel and Tourism Research Association. For more information, contact Mary Lou Wood, executive director of TTRA, at (801)581-3351.♦♦

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States comprising the census regions:

New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Middle Atlantic:** New Jersey, New York, Pennsylvania. **South Atlantic:** Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia. **West Virginia.** **East South Central:** Alabama, Kentucky, Mississippi, Tennessee. **East North Central:** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central:** Arkansas, Louisiana, Oklahoma, Texas. **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific:** Alaska, California, Hawaii, Oregon, Washington.

Current Travel Indicators - 1989

			Percent Change				
	Month	Value	Units	Last Month	Year Ago	Year To Date	
Establishment Receipts or Retail Sales							
	Hotels, Motels, Other Lodging Places(1)...	Nov	\$ 4,587	million	-13.7	8.3	8.7
	Eating and Drinking Places(2).....	Nov	\$13,918	million	0.9	1.8	5.3
	Gasoline Service Stations(2).....	Nov	\$ 9,110	million	0.9	7.4	7.1
Commercial Lodging Demand							
	Hotel/Motel Occupancy Rates(3).....	Nov	65.3	percent	1.4	4.5	2.1
	Real Demand for Commercial Lodging(4)....	Nov	57.5	million	-13.6	6.3	4.9
Airline Passenger Traffic (5)							
	Domestic Revenue Passenger-Miles.....	Nov	25.5	billion	-5.0	3.3	-0.3
	Int'l Revenue Passenger-Miles.....	Nov	7.3	billion	-13.4	11.3	9.0
Highway Traffic Volume (6)							
	Rural Arterial Passenger-Miles.....	Nov	41.6	billion	-7.0	4.4	4.3
Rail Passenger Traffic (7)							
	Amtrak Passenger-Miles.....	Nov	463.3	million	-0.4	5.5	4.3
Travel Price Index (1982 - 84 = 100) (8).....							
		Nov	126.0		-0.2	5.4	5.3
U.S. Resident Travel							
	Total Person-trips(9).....	Nov	95.8	million	-2.5	-5.3	2.0
	Vacation Person-trips(9).....	Nov	66.1	million	-1.3	-4.8	5.2
	Total Person-nights(10).....	Nov	361.0	million	-15.9	N/A	N/A
	Vacation Person-nights(10).....	Nov	286.0	million	-14.9	N/A	N/A
Public Use of National Parks (11)							
	Visits.....	Nov	14,078,317		-37.2	-4.4	-2.0
	Overnight Stays.....	Nov	665,284		-45.8	5.4	3.0
Foreign Arrivals to the U.S.							
	From Overseas(12).....	Oct	1,140,700		-13.1	7.6	10.9
	From Canada(13).....	Nov	1,036,188		-15.1	16.4	11.8
	From Mexico(12).....	Oct	92,000		0.3	2.4	18.4
U.S. Citizen Departures							
	To Overseas(12).....	Sep	1,235,400		-13.4	-0.2	2.7
	To Canada(13).....	Nov	550,734		-32.3	-3.8	-5.1
Domestic Demand for Gasoline							
	Barrels/Day(14).....	Nov	7,356	thousand	1.4	-0.3	-0.3

(1) Source: Smith Travel Research, seasonally unadjusted. (2) Preliminary; revised monthly. Source: Bureau of the Census. (3) Source: Smith Travel Research, seasonally adjusted, 1986 and 1987 data have been revised. (4) Smith Travel Research, unadjusted room nights sold. (5) Preliminary; U.S. scheduled service air carriers. Source: Air Transport Association. (6) Preliminary; revised monthly. Source: Federal Highway Administration. (7) Source: National Railroad Passenger Corporation (Amtrak). (8) Source: US Travel Data Center and Bureau of Labor Statistics. (9) Source: US Travel Data Center. (10) US Travel Data Center. Data is not comparable to earlier published numbers due to revised methodology. (11) Preliminary; unadjusted for differences in reporting units. Source: National Park Service. (12) Source: U.S. Travel and Tourism Administration. Mexican data reflect 19% arrivals only. (13) Statistics Canada. (14) Preliminary; Source: U.S. Department of Energy.

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SPECIAL REPORT: TRAVEL IN THE '80s